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A Look at U. S. Far Eastern Policy

THE problem of U. S. foreign policy in the Far East raises several questions: (1) How can the conflict in Korea be resolved without getting into a war with China and the Soviet Union? (2) How can collective action and cooperation by the U. S. and its allies in the U. N. be maintained and still continue to contain Soviet expansion wherever it may occur? (3) How can the U. S. aid Far Eastern peoples to reach their goals of political freedom and economic development?

The five years following World War II saw many changes in the Far East, all of which were factors in determining U. S. policy. Many Far Eastern colonial nations, imbued with a spirit of nationalism and a resentment against "Western imperialism," established their independence. The new governments have been attempting to conclude the social revolution produced by the impact of Western ideas and technology on Eastern cultures. Solutions are being sought to the ancient problems of illiteracy, poverty, a growing population and an agrarian economy run by primitive methods. The promises of Communism to solve these problems appeal to Asiatic nations where democratic processes have not matured. The U. S. hope that a unified government would emerge in China in the post-war period vanished with the resurgence of civil war between the Chinese Nationalists and Communists.

At the same time these Far Eastern changes occurred the U. S. adopted a policy of containing Soviet expansion and aggression. However, the Communist government in Peking now controls China except for Formosa which is the seat of the Nationalist government. The next area threatened was French Indo-China and the U. S. is sending military supplies to repel this civil war. The third area of Soviet expansion was Korea. To suppress aggression here the U. S. called on the U. N. for support.

Through the U. N. collective action is being used to meet this aggression. Pursuing a collective policy in conducting the war is difficult but to date the U. N. has agreed on the following points: (1) Communist China and North Korea were named aggressors in the conflict. (2) U. N. forces in Korea should attempt to unify the country. (3) Economic sanctions are to be used to prevent the Chinese Communists from obtaining necessary war materials. (4) The terms for negotiating peace have been set. (5) There is tacit understanding that the war should be limited to Korea and not extended to China.

The U. N. adopted these policies with minor opposition to them from a number of countries. Some nations thought that labeling the Chinese the aggressor precluded a settlement to the war because of Chinese pride and nationalist feeling. Other countries reasoned that to cur-

tail their trade with the Chinese mainland would beset them with serious domestic economic problems. In accepting the U. N. policies a few nations charged that the U. S. applied undue pressure. Lending credence to this view was the recent amendment to the Third Supplemental Appropriations bill which withholds U. S. economic aid to nations sending strategic materials to Communist areas.

Though the U. S. worked through the U. N. in Korea, it has adopted other policies unilaterally. The U. S. has sought to "neutralize" Formosa to prevent the spread of the Chinese civil war. The U. S. is sending military and economic aid to the Nationalists, the only Chinese government recognized by the U. S. Attempts to admit the Communist government at Peking to the U. N. will be opposed and perhaps vetoed by the U. S. These unilateral policies differ from those of other nations, notably members of the British Commonwealth. Some of these nations believe the Chinese Communist government at Peking is most representative of the Chinese people, and should be recognized as such. They fear the U. S. actions may lead to a general war with China and possibly with the Soviet Union. Some of our allies would rather have the U. N. leave Korea than risk such a war.

This look at U. S. Far Eastern policy illustrates how often the compulsions of political expediency can affect the basic principles of our foreign policy. The principles of aiding all nations to achieve self-government, to improve their living standards, and to participate freely in the international community seem to have become secondary until the danger of Soviet aggression has passed.

Aid to India

AN important segment of U. S. Far Eastern policy was decided by the Senate on May 16 when it passed S. 872 authorizing a \$190,000,000 loan to India for the purchase of grain. The bill contains two major amendments. The Ferguson amendment provides that credit be based on agreement with India for materials in which U. S. resources are deficient. The Bridges amendment specified such resources should include monazite and manganese. Supporters of the amendments say these materials are needed for armaments and that India should reciprocate on the U. S. loan. Those opposing the amendments point to Prime Minister Nehru's statement that India maintains a statutory embargo on monazite and that it is a fundamental part of Indian foreign policy that materials used in producing atomic or like weapons should not be sent to foreign countries. This bill is being debated in the House.

Nimitz Commission Stymied

THE Nimitz Commission on Internal Security and Individual Rights is at a standstill. All but one of its members (who is in Europe) submitted resignations to President Truman on May 8. Their action followed the refusal of the Senate Judiciary Committee to report favorably legislation which would exempt Commission members and certain professional staff from the operation of the Conflict of Interest statutes.

These statutes forbid, under heavy penalty, persons who work for the federal government from having certain business relationships with the government during their employ and, in some cases, for two years thereafter. The purpose is to prohibit personal profit by an individual as a result of inside information he may have gained as a government employee. In the past, Congress has exempted from the laws certain prominent non-governmental people who were serving the nation temporarily on a special project. It was found to be extremely difficult to get highly qualified men and women to undertake a short-term public service if it meant severing their private business connections and restricting their professional activity for some time to come. Among others, members of the Hoover Commission were exempted from the Conflict of Interest statutes.

The unfavorable vote of the Senate Judiciary Committee came on an exemption act previously passed by the House. The Committee is headed by Senator Pat McCarran who has consistently disagreed with the President over internal security legislation. The President refused to accept the resignations of the Commission members pending further attempts to get exemption.

Efforts are being centered on an amendment to a bill which grants exemption to a staff member of the Senate Rules Committee. This bill passed the Senate and was amended in the House Judiciary Committee to include the Nimitz Commission. If it passes the House in this form, it will require the concurrence of the Senate before becoming law, but would not be referred to the McCarran Committee.

The Nimitz Commission, of which Miss Anna Lord Strauss is Executive Vice Chairman, was set up on Jan. 23, 1951 by Executive Order to examine the crucial problems connected with balancing the interests of internal security and individual freedoms. The expectation was that a report might be made within a year. Its effective operation, however, has already been delayed by several months.

Pay-As-We-Go Plan in Jeopardy

FOR months, the double effectiveness of pay-as-we-go taxation as a method to meet the demands of the defense program and as a major weapon to combat inflation has been cited again and again. Now, however, danger signals are apparent. Groups that advocate pay-as-we-go taxation differ on the means to achieve such a program. Congress, always wary of public sentiment against higher taxes, is moving slowly on the tax bill. Indications are that tax legislation will not meet revenue requirements for a pay-as-we-go program in fiscal 1952.

During the past few weeks, the House Ways and Means Committee has issued tentative decisions on revenue revision which would raise an estimated \$7.2 billion. Originally Democratic members of the Committee set \$7 billion as the goal for tax increases, while Secretary of the Treasury Snyder has requested \$10 billion additional revenue for the present calendar year.

In many circles, doubt is being expressed that the final tax bill will provide as much as \$7 billion in additional revenue. The reduction in the budget will total only \$3.5 billion if the House continues to cut proposed expenditures at the present rate and if the Senate approves such action. The latest estimated deficit for the fiscal year 1952 is \$13.5 billion. Even if a \$7 billion revenue measure passes both Houses and a budget cut of \$3.5 billion is approved, we will have a deficit of at least \$3 billion for the fiscal year beginning this July 1. This is not a pay-as-we-go policy.

The tentative proposal to raise an additional \$2.845 billion from individual income taxes would raise the income tax rate by 12½ percent on all brackets. September 1 would be the effective date for this increase. The Committee vote on the proposal was along party lines, and the objections voiced indicate that the measure will hit further snags before the final bill is written. Mr. Snyder had asked for an increase of \$4 billion in individual income taxes.

The Committee has tentatively recommended an increase of five percentage points in corporate income taxes, effective January 1, 1951. This proposal would raise an additional \$2.08 billion in contrast to the \$3 billion requested by the Secretary of the Treasury. An increase of \$730 million in the excess profits tax was proposed by the Committee. The Committee also has voted additions to excise levies totaling \$1.07 billion. This amount is short of the Treasury request by almost \$2 billion.

★ CONGRESSIONAL SPOTLIGHT ★

Reciprocal Trade * (H. R. 1612): On May 23, by a vote of 72 to 2, the Senate extended the Trade Agreements Act substantially as reported by the Senate Finance Committee. (See VOTER 5/15/51.) The bill now goes to a Conference Committee.

Nimitz Commission (S. J. Res. 70): (See above.)

Tax Bill: (See above.)

Housing: The number of public housing units to be built in year beginning July 1951 was reduced to 5000 by House action on May 4. This reduction from the 135,000 units as the yearly limit set by the 1949 Housing Act, was an amendment by Mr. Gossett (D., Tex.) to the Independent Offices Appropriations Bill. The amendment passed 181-113 and the bill now goes to the Senate Appropriations Committee.

Aid to India (S. 872): (See page 1.)

* Indicates League support.

Defense Production Act: Hearings in progress before House and Senate Committees on a new Act slated to contain authority for wage, price, credit and rent controls. (See VOTER, 5/15/51.)

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